

## Course and Examination Fact Sheet: Autumn Semester 2021

### 9,272: Economics of Central Banking

ECTS credits: 4

#### Overview examination/s

(binding regulations see below)

Decentral - Written examination (with defined exam duration) (75%, 90 mins.)

Examination time: term time

Decentral - examination paper written at home (in groups - all given the same grades) (25%)

Examination time: term time

#### Attached courses

Timetable -- Language -- Lecturer

[9.272.1.00 Economics of Central Banking](#) -- English -- [CuChe Nicolas Alexis](#)

#### Course information

#### Course prerequisites

The course requires knowledge of basic macroeconomic principles from the bachelor level. Although the course is self-contained (main mathematical tools are reviewed during the course), a substantial background in mathematics and econometrics may be useful (i.e. optimization methods with a Lagrangian, basic operations in matrix algebra, and basic statistical and econometric methods).

#### Learning objectives

The goal of the course "Economics of Central Banking" is to help students to better understand the design, the implementation, and the challenges of current monetary policy of different central banks.

#### Course content

The course is organized in two broad sections. First, the course focuses on current monetary policy strategies, i.e. the link between monetary policy instruments and the objectives of central banks. The course essentially uses examples of the Swiss National Bank, but also from other important central banks. Models and quantitative methods play a crucial role in monetary policy strategies, guiding central banks in the use of their instruments, for both conventional and unconventional monetary policy, to achieve defined goals such as price stability. Moreover, the communication of central banks is also analyzed during the course.

The second section focuses on three challenges characterizing the current central bank world: i) the permanent search for empirical evidence, ii) the time inconsistency problem, and iii) structural changes such as digital revolution or climate change.

First, the continuous assessment of the impact of monetary policy on the economy is a priority for central banks. Put in other words, the relations between central bank variables (e.g. interest rate, money) and macroeconomic variables (e.g. output, unemployment, inflation) are constantly analyzed.

Second, basic models about a possible time inconsistency in central bank decisions and the so-called inflation bias problem are reviewed. A few solutions against the inflation bias are investigated, too.

Finally, structural changes such as digital revolution or climate change can impact central bank duties. For example, alternative forms of digital currency (e.g. cryptocurrencies or stablecoins) might challenge the position of central banks. Another important question is whether central banks might issue digital currencies of their own (central bank digital currency or CBDC) at some stage in the future. These developments touch upon the role of central bank money, the direct access to central bank liabilities and the structure of financial intermediation. Another example concerns climate change. It can influence tasks such as economic forecasting, banking system stress testing and asset management with several implications for central banks and the economy.

#### Course structure and indications of the learning and teaching design

The course will take place in form of a lecture and discussions among students.

#### Course literature

All slides available in pdf format at the beginning of the course. URL follows.

#### Additional course information

In the case of the President's Board having to implement new directives due to the SARS-CoV-2 pandemic in AS2021, the course information listed above will be changed as follows:

- The course is conducted online via the platform Zoom;
- The lecturer informs via StudyNet on the changed implementation modalities of the course.

The examination information listed below would be changed as follows:

- The written examination (sub part 1/2) is conducted and supervised online;
- The term paper examination (sub part 2/2) takes place as usual.

## Examination information

### Examination sub part/s

#### 1. Examination sub part (1/2)

##### Examination time and form

Decentral - Written examination (with defined exam duration) (75%, 90 mins.)

Examination time: term time

##### Remark

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##### Examination-aid rule

Open Book

Students are free to choose aids but will have to comply with the following restrictions:

- All the pocket calculators that are not of the Texas Instruments TI-30 series are explicitly inadmissible.
- In addition, any type of communication, as well as any electronic devices that can be programmed and are capable of communication such as electronic dictionaries, notebooks, tablets, mobile telephones and others, are inadmissible.
- Students are themselves responsible for the procurement of examination aids.

##### Supplementary aids

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##### Examination languages

Question language: English

Answer language: English

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#### 2. Examination sub part (2/2)

##### Examination time and form

Decentral - examination paper written at home (in groups - all given the same grades) (25%)

Examination time: term time

##### Remark

Two-page summary of a given seminal paper

##### Examination-aid rule

Term papers

Written work must be written without outside help according to the known citation standards, and a declaration of authorship must be attached, which is available as a template on the StudentWeb.

Documentation (quotations, bibliography, etc.) must be carried out universally and consistently according to the requirements of the chosen/specified citation standard such as e.g. APA or MLA.

The legal standard is recommended for legal work (cf. by way of example: FORSTMOSER, P., OGOREK R., SCHINDLER B., Juristisches Arbeiten: Eine Anleitung für Studierende (the latest edition in each case), or according to the recommendations of the Law School).

The reference sources of information (paraphrases, quotations, etc.) that has been taken over literally or in the sense of the original text must be integrated into the text in accordance with the requirements of the citation standard used. Informative and bibliographical notes must be included as footnotes (recommendations and standards e.g. in METZGER, C., Lern- und Arbeitsstrategien (latest edition)).

For all written work at the University of St.Gallen, the indication of page numbers is mandatory, regardless of the standard chosen. Where page numbers are missing in sources, the precise designation must be made differently: chapter or section title, section number, article, etc.



## Supplementary aids

List of seminal papers available at the beginning of the term.

## Examination languages

Question language: English

Answer language: English

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## Examination content

The exam will be based on the course and the given slides.

## Examination relevant literature

The course literature will be provided at the beginning of the course.

### Please note

Please note that only this fact sheet and the examination schedule published at the time of bidding are binding and takes precedence over other information, such as information on StudyNet (Canvas), on lecturers' websites and information in lectures etc.

Any references and links to third-party content within the fact sheet are only of a supplementary, informative nature and lie outside the area of responsibility of the University of St.Gallen.

Documents and materials are only relevant for central examinations if they are available by the end of the lecture period (CW51) at the latest. In the case of centrally organised mid-term examinations, the documents and materials up to CW 42 are relevant for testing.

Binding nature of the fact sheets:

- Course information as well as examination date (organised centrally/decentrally) and form of examination: from bidding start in CW 34 (Thursday, 26 August 2021);
- Examination information (regulations on aids, examination contents, examination literature) for decentralised examinations: in CW 42 (Monday, 18 October 2021);
- Examination information (regulations on aids, examination contents, examination literature) for centrally organised mid-term examinations: in CW 42 (Monday, 18 October 2021);

Examination information (regulations on aids, examination contents, examination literature) for centrally organised examinations: two weeks before the end of the registration period in CW 45 (Monday, 8 November 2021).